

STATEMENT OF SENATOR JOHN McCAIN  
CHAIRMAN, SENATE COMMITTEE ON  
COMMERCE, SCIENCE, AND TRANSPORTATION  
FULL COMMITTEE HEARING  
ON S. 2390, THE FREEDOM TO TRANSPORT ACT OF 1998  
SEPTEMBER 15, 1998

- Today's hearing is on S. 2390, the "Freedom to Transport Act of 1998", sponsored by Senators Brownback and Helms. I'd like to welcome today's witnesses to this hearing.
- The "Freedom to Transport Act of 1998" would allow foreign-built self-propelled ships to carry bulk cargo between U.S. ports. Also, the bill would allow these ships to be owned by U.S. companies allowed to own U.S.-flag ships operating in international commerce. Finally, the bill would also allow self-propelled bulk cargo ship brought under the U.S.-flag after the date of enactment to participate in this trade flexibility to reflag if the U.S. domestic trade proves unprofitable. The bill would retain current requirements that ships carrying cargo in the domestic trade be U.S.-flagged and U.S.-crewed and would not affect current requirements for the carriage of passengers or containerized cargo between U.S. ports.
- The Jones Act and related U.S. coastwise trade laws have been amended several times to provide exceptions from these laws' basic requirements. Legislative approaches other than S. 2390 have been proposed during this Congress. Today, we will discuss whether changes to these laws are warranted.
- As many of you may know, I am a proponent of eliminating barriers to free trade as well as a strong national defense. I understand the Jones Act involves elements of both of these issues.
- I am very concerned about the impact on trade of any barrier. I believe U.S. trade barriers invite other countries to put up or retain their own barriers. I believe the U.S. can compete in any arena it chooses. The philosophy that we need to protect our industries troubles me. Additionally, U.S. trade barriers have real costs for U.S. consumers. While the witnesses today could argue about the magnitude of the cost, there is no doubt that the Jones Act adds costs to U.S. shippers, especially in areas where water transportation is the only economical shipping option, such as Hawaii, Guam, and Puerto Rico.
- In evaluating the claim that the current U.S.-build requirement is required to maintain a military shipbuilding industrial base, I believe other modes of domestic transportation provide some insight. I think most people would agree

that the U.S. military aircraft manufacturing base is vital to the national security of the United States. Similar to naval shipbuilding, military aircraft production has declined in recent years. Yet domestic commercial air carriers are allowed to own and operate foreign-built aircraft in the domestic trade. Domestic rail and motor carriers are also allowed to use foreign-built trains and trucks. Additionally, a review of the recent commercial construction history of the U.S. shipyards that build Navy ships would prove informative. I look forward to hearing what today's witnesses have to say about the U.S.-build requirement and other issues raised by S. 2390.

- I'd like to remind today's witnesses to please limit their oral statements to 3 minutes this afternoon. Your complete written statements will all be included in the hearing record.
- This afternoon's first panel consists of the Honorable Clyde J. Hart, Maritime Administrator. Clyde, while I expect we may hold different views on this issue, I am glad to see a former Commerce Committee staff member coming back to give us the Administration's view. Before you start, I'd like to ask you about another issue. The FBI announced last week that it was investigating possible corruption by ship management contractors hired by the Military Sealift Command and the Maritime Administration. As you know, I am greatly concerned about the integrity of the Government as it spends our taxpayers dollars. I ask that you cooperate in every way with the FBI and the DOT Inspector General as they conduct this investigation. Please proceed with your statement.
- [Clyde Hart testimony and questions]
- Thank you Mr. Hart. Today's second panel consists of The Honorable Donald R. Quartel, President, Jones Act Reform Coalition; Mr. William Saunders, representing Murphy Family Farms; Mr. Dean Kleckner, President, American Farm Bureau Federation; and Mr. Thomas A. Danjczek [pronounced DAN-JECK], President, Steel Manufacturers Association. Welcome. Mr. Quartel, would you like to lead off?
- [Panel II testimony and questions]
- Thank you, gentlemen. Today's third panel consists of Mr. Donald T. Bollinger, Chairman, National Shipyard Association; Ms. Cynthia Brown, President, American Shipbuilders Association; Mr. Thomas A. Allegretti, Executive Director, American Waterways Operators; and Mr. James R. Barker, President and Chief Executive Officer, Interlake Steamship Company, representing the Maritime

Cabotage Task Force. Mr. Bollinger, would you like to lead off?

- [Panel III testimony and questions]
- If there are no more questions, I'd like to thank today's witnesses for their testimony today. This concludes today's hearing.